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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/639,478	08/15/2000	Robert Franklin Carey	12672US01	9992

7590 06/10/2004

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EXAMINER	
ROSEN, NICHOLAS D	

ART UNIT	PAPER NUMBER
3625	

DATE MAILED: 06/10/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/639,478	CAREY, ROBERT FRANKLIN
	Examiner	Art Unit
	Nicholas D. Rosen	3625

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *01 April 2004*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1,2,4-16 and 18-21* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1,2,4-16 and 18-21* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on *15 August 2000* is/are: a)☒ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Claims 1-2, 4-16, and 18-21 have been examined.

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on April 1, 2004 has been entered.

Claim Objections

Claim 21 is objected to because of the following informalities: Claim 21 recites "The apparatus of claim 1," which is improper, since claim 1 is a method claim. For examination purposes, claim 21 will therefore be treated as depending from claim 15, an apparatus claim parallel to claim 1. Claim 21 is further objected to because it adds no new limitations to claim 15 (or whatever claim it is intended to depend from), and furthermore because it lacks a period at the end. Appropriate correction is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-2 and 4-7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Fried (U.S. Patent 6,035,286) in view of the article, "Dow Dogs Will Have Their Day, Fans Say Critics Call Strategy Overused, Outdated Dogs of 1997 Lost Their Bite," hereinafter "Dow Dogs." As per claim 1, Fried discloses a method for selecting securities from a group of available securities for an investment portfolio, the method comprising: collecting the dividend yields and buyback ratios (column 2, lines 8-22; column 4, lines 17-25); and ranking at least some of said available securities according to predetermined criteria comprising a predetermined relationship to said collected buyback ratios to form a group of ranked securities (column 4, lines 35-57). Fried does not expressly disclose ranking the securities according to the magnitude of the sum of collected dividend yields and collected buyback ratios, but "Dow Dogs" teaches ranking securities by dividend yield (second paragraph, beginning "The Dow dogs"; ninth through eleventh paragraphs, beginning "Miami Beach money manager"). Also, "Dow Dogs" teaches that buying back stock has become a common substitute for paying dividends (eighteenth paragraph, beginning "Helping to undermine"). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the predetermined criteria comprise a predetermined relationship between dividend yields and buyback ratios, the predetermined relationship comprising the magnitude of the sum of collected dividend yields and collected buyback ratios, for the obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question.

As per claim 2, Fried discloses that said group of available securities comprises the Dow Jones Industrial Average (column 3, lines 31-40), which is well known to be made up of 30 stocks (see "Dow Dogs," second paragraph).

As per claim 4, Fried does not disclose that said predetermined criteria consist only of said predetermined relationship between said collected dividend yields and said collected buyback ratios (the magnitude of the sum of collected dividend yields and collected buyback ratios), but does disclose that the predetermined criteria can consist of only the buyback ratio (column 4, lines 5-14), or of only a relationship involving the buyback ratio and price/earnings ratio (column 4, lines 35-37 and 44-50); "Dow Dogs" teaches using the dividend yield as sole criterion (second and ninth paragraphs). Neither Fried nor "Dow Dogs" teaches any requirement that the predetermined criteria must comprise something else. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the predetermined criteria to consist only of said predetermined relationship between said collected dividend yields and said collected buyback ratios (the magnitude of the sum of collected dividend yields and collected buyback ratios), for the obvious advantages of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question, and avoiding unneeded complications.

As per claim 5, "Dow Dogs" teaches that selecting comprises selecting a predetermined number of said ranked securities (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to select a predetermined number of ranked securities, for

the obvious advantage of striking a balance between the higher risk of investing in few securities and the difficulty of outperforming the market when investing in many securities.

As per claim 6, "Dow Dogs" teaches that said predetermined number is 10 or less (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the predetermined number to be 10 or less, for the obvious advantage of striking a balance between the higher risk of investing in few securities and the difficulty of outperforming the market when investing in many securities.

As per claim 7, "Dow Dogs" teaches purchasing at least some of said group of selected securities to form a group of purchased securities (second and ninth paragraphs). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to purchase at least some of said group of selected securities to form a group of purchased securities, for the obvious advantage of profiting from an investment in securities judged likely to outperform the market average.

Claim 8 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of Liscio ("Splitting Shares: Using the Americus Trusts to Boost Blue-Chip Returns" [Abstract]) and Roush ("FoM Joins New Investment Trust"). Fried does not disclose creating a unit investment trust comprising said purchased securities, but unit investment trusts are well known, as taught by Liscio and Roush. Hence, it would have been obvious to one of ordinary skill

in the art of finance at the time of applicant's invention to create a unit investment trust comprising said purchased securities, for the obvious advantage of saving on commissions as compared to each investor attempting to buy a basket of securities for himself, and for the stated advantages, as compared to mutual funds, of lower administrative costs and fees (Roush) and allowing exchanges without tax consequences (Liscio).

Claim 9 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried, "Dow Dogs," Liscio, and Roush as applied to claim 8 above, and further in view of Brown ("Tax Changes May Dog 'Beating the Dow" Strategy"). Fried does not disclose that the percentages of said purchased securities are approximately equal, but Brown teaches that the percentages of purchased securities in a "Dogs of the Dow" investment strategy are approximately equal. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the percentages of purchased securities to be approximately equal, for the obvious advantage of avoiding the risk of investing too heavily in any one security.

Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried, "Dow Dogs," Liscio, and Roush as applied to claim 8 above, and further in view of Liberman ("Fund Group Unveils Index-Linked Unit Investment Trusts That Use a Dogs-of-the-Dow Strategy"). Fried does not disclose that said unit investment trust has a life of 13 months or more, but Liberman teaches a unit investment trust that has a life of 13 months or more (final paragraph). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention for the unit

investment trust to have a life of 13 months or more, for the stated advantage of possible favorable capital gains [tax] treatment.

Claim 11 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of official notice. Fried does not disclose creating a pooled investment vehicle comprising said purchased securities, but official notice is taken that pooled investment vehicles (e.g., mutual funds and unit investment trusts) are well known. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to create a pooled investment vehicle comprising said purchased securities, for the obvious advantage of saving on commissions as compared to each investor attempting to buy a basket of securities for himself.

Claim 12 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of the article "Van Kampen Sells 'Dow Dog' Annuity," hereinafter "Van Kampen." Fried does not disclose creating a variable annuity comprising said purchased securities, but "Van Kampen" teaches this (see especially first paragraph). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to create a variable annuity comprising said purchased securities, for the obvious advantage of providing an investor with an income for the remainder of his life.

Claim 13 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 7 above, and further in view of official notice. Fried does not expressly disclose creating an investment account comprising said purchased

securities, but official notice is taken that it is well known to create investment accounts comprising securities. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to create an investment account comprising said purchased securities, for the obvious advantage of enabling investors to conveniently invest in securities believed to be likely to outperform the market average.

Claim 14 is rejected under 35 U.S.C. 103(a) as being unpatentable over Fried and "Dow Dogs" as applied to claim 1 above, and further in view of official notice. Fried does not expressly disclose a computer-readable medium bearing a computer program containing instruction steps such that upon installation of said computer program in a general purpose computer, the computer is capable of performing the method of claim 1. However, official notice is taken that it is well known to use computer-readable media (e.g., floppy disks, optical disks, etc.) bearing computer programs containing instruction steps such that upon installation of an appropriate computer program in a general purpose computer (such as is disclosed by Fried, column 2, line 60, through column 3, line 6), the computer becomes capable of performing the instruction steps. Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to use a computer-readable medium bearing a computer program containing instruction steps such that upon installation of said computer program in a general purpose computer, the computer was capable of performing the method of claim 1, for the obvious advantage of enabling a general-purpose computer such as Fried discloses to perform a method such as that disclosed by Fried.

Claims 15-16 and 17-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Fried (U.S. Patent 6,035,286) in view of article, "Dow Dogs Will Have Their Day, Fans Say Critics Call Strategy Overused, Outdated Dogs of 1997 Lost Their Bite," hereinafter "Dow Dogs." As per claim 15 (and also claim 21, which adds no new limitation to claim 15, or whichever claim claim 21 should be considered to depend from), Fried discloses apparatus for selecting securities from a group of available securities for an investment portfolio, the apparatus comprising: a memory storing the dividend yields an buyback ratios of said group of available securities (column 2, lines 8-22; column 3, lines 7-23; column 4, lines 17-25); a processor programmed to rank at least some of said available securities according to predetermined criteria comprising a predetermined relationship to said collected buyback ratios to form a group of ranked securities (column 2, line 60, through column 3, line 6; column 4, lines 35-57); and an output unit indicating in human readable form at least some of said ranked securities (column 4, lines 44-56). Fried does not expressly disclose ranking the securities according to collected dividend yields as well as collected buy back ratios, but "Dow Dogs" teaches ranking securities by dividend yield (second paragraph, beginning "The Dow dogs"; ninth through eleventh paragraphs, beginning "Miami Beach money manager"). Also, "Dow Dogs" teaches that buying back stock has become a common substitute for paying dividends (eighteenth paragraph, beginning "Helping to undermine"). Hence, it would have been obvious to one of ordinary skill in the art of finance at the time of applicant's invention to have the predetermined criteria comprise a

predetermined relationship between dividend yields and buyback ratios, the predetermined relationship comprising the magnitude of the sum of collected dividend yields and collected buyback ratios, for the obvious advantage of having the predetermined criteria reflect the ratios of paid-out earnings to stock prices of the corporations in question.

As per claims 16, 18, 19, and 20, claims 16, 18, 19, and 20 are closely parallel to claims 2, 4, 5, and 6, respectively, and rejected on essentially the same grounds.

Response to Arguments

Applicant's arguments filed April 1, 2004 have been fully considered but they are not persuasive. Applicant argues that neither Fried nor "Dow Dogs" has any suggestion or motivation for using a sum of dividend yield and buyback ratios as claimed. Examiner disagrees; it would be accurate to say that neither Fried nor "Dow Dogs" actually discloses doing so, but a stretch to say that nothing in the cited references provides any incentive or motive to use a sum. Fried discloses using buyback ratio to select a subset of stocks, and then using price/earnings ratio (or other criteria) to choose stocks for a portfolio, while "Dow Dogs" not only teaches using dividend yield to select a set of stocks for a portfolio, but further teaches that corporate managers these days are more likely to spend cash on buying back stock than on paying substantial dividends. This is held to qualify as motivation to take buyback ratio as well as dividend yield into account, and the sum of buyback ratio and dividend yield is the measure of paid-out earnings. Fried, of course, also teaches that buying stocks with high buyback

ratios is likely to be advantageous, as such stocks are reported to outperform the market (column 1).

While it would certainly be possible to use some other predetermined relationship between dividend yield and buyback ratio, the sum of the two not only has the charm of simplicity, but is a direct measure of paid-out earnings.

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988), and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, the teachings of the prior art references provide suggestion and motivation, as set forth above.

Regarding claim 4, Applicant argues that Fried (in column 4, lines 6-14) does not teach or suggest that criteria can consist of only the buyback ratio, saying that Fried teaches selecting stocks by the combination of buyback ratio and either price/sales ratio or price/earnings ratio. It is not entirely clear to Examiner why this should be considered to establish that Fried teaches away from using as criteria only the relationship between collected dividend yields *and* collected buyback ratios. In any event, Fried discloses first selecting a subset of stocks on the basis of buyback ratio alone (in column 4, lines 6-14), and then, as disclosed later in column 4, applying price/sales ratio or price/earnings ratio (later in column 4). The limitation of claim 4 is that "said

predetermined criteria consist only of said predetermined relationship between collected dividend yields and collected buyback ratios. While it would no doubt be possible to add other, more or less motivated and relevant predetermined criteria, ranging from the CEOs' salaries to the phase of the moon, nothing in Fried requires such any such criteria. Therefore, it is held to be obvious not to include any other relationships, etc., in the predetermined criteria.

Regarding the remaining claims, Applicant argues for them to be allowed only because they are dependent on, or parallel to, claim 1.

Conclusion

All claims are drawn to the same invention claimed in the application prior to the entry of the submission under 37 CFR 1.114 and could have been finally rejected on the grounds and art of record in the next Office action if they had been entered in the application prior to entry under 37 CFR 1.114. Accordingly, **THIS ACTION IS MADE FINAL** even though it is a first action after the filing of a request for continued examination and the submission under 37 CFR 1.114. See MPEP § 706.07(b). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any

extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Nicholas D. Rosen, whose telephone number is 703-305-0753. The examiner can normally be reached on 8:30 AM - 5:00 PM, M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins, can be reached on 703-308-1344. (Wynn Coggins is currently on assignment elsewhere in the Patent Office; the examiner's acting supervisor, Jeffrey Smith, can be reached at 703-308-3588.) The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306. Non-official/draft communications can be faxed to the examiner at 703-746-5574.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Nicholas D. Rosen

NICHOLAS D. ROSEN
PRIMARY EXAMINER
June 5, 2004